

VZCZCXYZ0000  
OO RUEHWEB

DE RUEHJM #3563/01 2231621  
ZNY CCCCC ZZH  
O 111621Z AUG 06  
FM AMCONSUL JERUSALEM  
TO RUEHC/SECSTATE WASHDC IMMEDIATE 4181  
INFO RUEHKK/ARAB ISRAELI COLLECTIVE PRIORITY  
RHEHNSC/NSC WASHDC PRIORITY  
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY  
RUEHBS/USEU BRUSSELS PRIORITY

C O N F I D E N T I A L JERUSALEM 003563

SIPDIS

SIPDIS

NEA FOR FRONT OFFICE; NEA/IPA FOR WILLIAMS/MAHER/WAECHTER;  
NSC FOR ABRAMS/DORAN; TREASURY FOR  
SZUBIN/LOEFFLER/NUGENT/ADKINS; BRUSSELS FOR LERNER; PLEASE  
PASS TO USAID FOR KUNDER/MCCLOUD/BORODIN

E.O. 12958: DECL: 08/11/2016  
TAGS: [EFIN](#) [EAID](#) [KTFN](#) [KWBG](#)  
SUBJECT: TEMPORARY INTERNATIONAL MECHANISM DISBURSES  
PAYMENTS TO HEALTH SECTOR WORKERS; WORLD BANK FINALIZES  
ESSP WITH DONORS

REF: A. JERUSALEM 3238  
[1](#)B. JERUSALEM 3082  
[1](#)C. JERUSALEM 2853

Classified By: Consul General Jake Walles, Reasons 1.4 (b) and (d).

#### Summary

[1](#)1. (C) The European Commission, through the Temporary International Mechanism (TIM), completed disbursement, over the last 10 days, of the first tranche of allowances to PA health sector workers. The allowances were disbursed through commercial banks and did not go to any PA Health Ministry employees in a "political" position, according to Johannes Duynhouwer, the head of the TIM implementation unit. Health sector workers were identified through a list that the PA Office of the Presidency received from the PA Finance Ministry. The TIM implementation unit is still discussing needs-based allowances with the PA Office of the President. Under Window I of the TIM, the World Bank signed agreements with three donors (European Commission, United Kingdom, and Austria) for USD 19.5 million total in funding for the Emergency Services Support Program (ESSP), though the Bank still has to sign the formal agreement with the PA Office of the President. Under Window II of the TIM, the European Commission has funded a million liters of diesel fuel for public hospitals in Gaza and water and sanitation system generators. Next week, it plans to increase its fuel distribution program in order to provide fuel to generators at public healthcare clinics and NGO hospitals and for sewage suction trucks. End summary.

#### Health sector allowances

[1](#)2. (C) Johannes Duynhouwer, the head of the unit implementing the Temporary International Mechanism (TIM), told EconChief August 11 that between 7,000 and 8,000 health sector workers had received an allowance under the TIM over the last ten days. Each allowance is based on a minimum payment of NIS 1400 plus 50 percent of an employee's monthly salary level above NIS 1400. Duynhouwer defined the eligibility criteria as the following: anyone employed in the PA health sector, since before March 31, 2006, in a position essential for the proper functioning of the health sector. (Note: The TIM is not targeting non-PA health sector employees since they have received salaries regularly, unlike

PA employees. End note.) Essentially, he admitted that the set of criteria included all PA Health Ministry employees except the Minister, Deputy Minister, and their assistants or anyone in a "political" position. Duynhouwer confirmed that the Office of the President was providing the TIM office with the requisite salary and bank account details for each PA Health Ministry employee and that it was getting this information from the PA Finance Ministry.

13. (C) Health sector workers receive the allowances in their bank accounts, once their eligibility has been confirmed by the TIM's auditors, Duynhouwer said. The TIM is disbursing the allowances through HSBC London to four local commercial banks with SWIFT capability: Bank of Palestine, Cairo-Amman Bank, Bank of Jordan, and Arab Bank. For those health sector employees that do not have accounts at one of these four banks, Duynhouwer clarified that Cairo-Amman Bank then transfers each allowance to the appropriate local bank.

#### Needs-based allowances

14. (C) Duynhouwer confirmed that the TIM implementation unit is still consulting with the Office of the President on needs-based allowances. He indicated that they plan to target the Ministry of Social Affairs' social hardship case list and are also looking at the "new poor" -- which he described as public sector employees who have recently experienced a sharp decrease in income. He said they would use the same process as they used to determine eligible health sector employees: the Office of the President will provide them a list, based on the PA payroll, of those public sector employees below a certain monthly salary level, likely to be NIS 1800-2000. When EconChief shared with Duynhouwer that the USG has told President Abbas that needs-based

allowances should not be targeted based on PA employment, Duynhouwer admitted that that is essentially what the TIM unit is doing. He explained that there is no other way to reach out to this beneficiary pool given the mechanism's short implementation period. (Note: Duynhouwer noted that the TIM is due to be reviewed by the Quartet before the end of September. End note.) EconChief also inquired if Duynhouwer had had any conversations with the Office of the President concerning rolling transfers from Arab states into Window III of the TIM. He said that they had not discussed the possibility.

#### ESSP implementation

15. (C) World Bank Deputy Country Director Faris Hadad-Zervos told EconChief August 11 that three donors had signed agreements for the World Bank's Emergency Services Support Program (ESSP): the European Commission (USD 12.5 million in funding), the United Kingdom (USD 5 M), and Austria (USD 1.5 M). Hadad-Zervos said that the European Commission had originally said it wanted to earmark its contribution for the health sector but had recanted and not expressly specified an earmark in the agreement. Hadad-Zervos said the agreement with the United Kingdom does formally earmark that donation for the health sector. The Austrian contribution is not earmarked. Hadad-Zervos said that the Bank was negotiating additional agreements, for contributions totaling USD 22 million, with Sweden, Germany, Norway, Finland, and Ireland. Hadad-Zervos said that the Bank essentially had enough funding to cover the ESSP for six months. He acknowledged that the Bank is still waiting to sign the program agreement with the PA President's Office, though all of the implementation details had been finalized.

16. (SBU) World Bank Country Director David Craig estimated August 8 that the ESSP would start paying the utility bills of the PA Ministries of Health, Education, and Social Affairs by the end of August. For other non-wage expenditures that require formal procurement, such as pharmaceuticals, he estimated that the ESSP would not start disbursing funds for

several months.

#### Fuel distribution

17. (C) Duynhouwer confirmed that Window II of the TIM, the Interim Emergency Relief Contribution (IERC), is proceeding well with the TIM having purchased one million liters of diesel fuel, to date, for public hospital generators and generators operated by the Coastal Municipalities Water Utility (CMWU) for the water and sanitation system in Gaza. Duynhouwer said the IERC is expanding next week to include fuel delivery to public healthcare clinic and NGO hospital generators in Gaza, as well to the CMWU for its sewage suction trucks.

#### Comment

18. (C) As noted in reftels, the TIM, as currently being implemented by the European Union and the World Bank, goes beyond the Quartet agreement in several respects. In particular, the World Bank ESSP (Window I) has expanded beyond the health sector into other areas and the EU's payment of allowances (in the health sector and in plans for Window III) has essentially become payment of partial salaries in all but name. We have raised these concerns locally and recommend that Washington policymakers raise them as well with World Bank management and the European Union.  
End comment.  
WALLES